DEPARTMENT OF STATE
Washington, D.C. 20520

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December 3, 1980

MEMORANDUM FOR: Mr. Drischler

FROM: IO - Richard L. McCall RLM

SUBJECT: IO Budgetary Questions

Please find attached IO's answers to the questions raised in your memorandum of December 1 to Mr. Coon.

Attachments:

As stated.

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY DBrischler DATE 6/7/83
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Drafted: IO Staff

Question:

The fiscal 1981 request for Contributions to International Organizations, International Peacekeeping, and International Conferences and Contingencies was approximately 36 percent of the entire State Department request. I understand that State has gone to OMB with a submission of approximately $654 million for FY 1982 for these accounts. Is this accurate? And if so, what percentage of the overall State request would this constitute?

Answer:

State's original submissions to OMB for Contributions to International Organizations (CIO), Contributions for International Peacekeeping Activities (CIPA) and International Conferences and Contingencies (ICC) for FY 1982 were:

CIO	$597,173,000
CIPA	50,000,000
ICC	8,434,000
	$655,607,000

The above request for CIO, CIPA and ICC represent 34% of State's overall request for FY 1982.

The requests for CIO and CIPA are ordinarily held open by OMB as late as possible so that more accurate amounts based on approved international organization budgets may be included. The requests now are at:

CIO	$600,070,000
CIPA	57,741,000
ICC	8,277,000
	$666,088,000

Included in the CIO request for FY 1982 are the assessments of ILO for 1981 and 1982 in the amounts of $25,491,000 and $29,017,669 respectively, $22,587,000 for FY 1980 shortfalls and $12,580,000 for FY 1981 shortfalls. The estimated assessments in CIO for FY 1982 are $539,412,000, including the ILO FY 1982 request.

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Question:

In the OMB submission, there is a table accompanying the CIO account which lists inflation as the explanation for the increase in all but a very few organizations' budgets. Please be more specific. How is inflation calculated for these organizations? Who calculates it? And, how is it monitored within the IO Bureau?

Answer:

Budget data that originated with the international organizations were reviewed for the inflation factors used in their computations. The inflation factors were grouped by country based on the location of the international organization's secretariat. The country groupings of inflation factors then were reviewed and the most common inflation factor for a given country was selected. The selected inflation factor was applied to all the assessed budgets of international organizations whose secretariats are located in the same country. The inflation factors used were:

Austria	8.8%
Belgium	10.0
Costa Rica	8.2
England	15.0
France	12.0
Italy	15.0
Mexico	11.0
New Caledonia	10.15
Spain	17.0
Sri Lanka	14.3
Switzerland	6.0
U.S.	8.15

The selection of the inflation factors used in the 1982 budget was made by the Budget Office of the IO Bureau and reviewed by a Working Group composed of representatives of OMB, M/COMP, M/MO, IO/EX and IO/M.

Action offices monitor the development of final international organizations' budgets, including factors for inflation; adjustments are made as necessary in budget requests for following years.

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QUESTION:

The ILO lists net program growth in its 1982 budget submission. To what is this attributable. What was the US position in formulating it? And, do we have any other recourse except to pay it despite our overall position against that program growth in these organizations?

ANSWER:

Net program growth of 2% reflected in the Department's 1982 budget submission for the ILO is based on an anticipated increase in the ILO 1982-83 budget, which will be debated at the Governing Body session in February/March and approved by the International Labor Conference in June. It represents a very conservative estimate of the probable net growth, based on the current upper limit position of most Geneva Group member-states. This 2% Geneva Group limit was formally presented to DG Blanchard in June 1980. The US position at that time was zero net program growth, a position clearly reflected in that formal statement.

From our best sources of information, the Director General's budget proposal will be based on a net program increase of approximately 10 to 12%. This will include a regular budget subvention of approximately $2 million for the Turin Training Center (a subvention we have opposed, as the Turin Center heretofore has been a voluntary-funded operation); approximately $3.7 million for Arabic language services (the 1979 Conference added Arabic as a working language from January 1, 1982); expansion of the training and employment programs (which dovetail with and support the principal extra-budgetary technical assistance programs); and perhaps $4 million for increased activities conducted by the regional offices (decentralization from Geneva Headquarters has been strongly supported by the US). The US will attempt, with other Geneva Group countries, to influence the DG to reconsider and to propose a more realistic initial increase which, in the course of the GB consideration, we might reduce to 5 or 6% net program growth.

Usually, the Geneva Group member-states approve the final compromise budget as negotiated in committee and presented to the Governing Body plenary, despite the fact that it typically represents one or two percent in excess of their stated upper limit. While the US and other Geneva Group members can abstain or vote against the budget, we do not have the numerical strength to avoid its adoption by the GB or the Conference, even though it must pass the latter body by a 2/3 roll-call vote of government delegates. Although we have withheld our assessed contribution temporarily in the effort to achieve political objectives, we have not done so thus far for budgetary reasons nor have we ever refused eventual payment of any obligation voted by the Conference.

QUESTION: DECLASSIFIED

Please provide further detail on the circumstances surrounding the US withdrawal from the ILO and our subsequent re-entry. It appears that a good deal of the increase in the budget request for FY 1982 are attributable to the ILO. Please explain the Congressional difficulties with the FY 1980 request, and the likely reaction in the House to attempt to recoup both the 1980 and 1981 assessments within the 1982 budget.

ANSWER:

The US withdrew from the ILO in November 1977 for essentially political reasons, namely the well-known four points delineated in the 1975 letter by Secretary Kissinger. Prior to its withdrawal, the US paid its outstanding obligations to the ILO, as required by the Constitution.

The return to the ILO in February 1980 was also fundamentally a political decision made by the President on the unanimous recommendation of the members of the President's Committee on the ILO (composed of the Secretaries of Labor, State, and Commerce, the National Security Adviser and the Presidents of the AFL-CIO and the US Council of the International Chamber of Commerce).

As the US decision to return to the organization was not predictable, no provision for funds for CY 1980 had been included in the FY 1980 State Department Appropriations Act. Accordingly, funds for both the 1980 and 1981 assessed contributions were requested in the budget request for FY 81 (the 1980 funds constituting a catch-up or past-due contribution). Due to the Congressional budget ceiling only the FY 1980 funds were approved by the House. As a result, our FY 82 request again contains two years' assessed contributions for the ILO, the 1982 anticipated contribution and the 1981 contribution.

The following excerpt from conference report on H.R. 7584 would seem to indicate favorable Congressional consideration to the ILO assessed contributions:

> "The conferees have deleted the United States 1981 assessed contribution to the International Labor Organization due to the lack of authorization for such appropriations. The 1980 contribution has been provided. However, the unavailability of these funds at this time should not be misconstrued as a lack of support for the goals and purposes of this Organization.

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"In November of 1977 the U.S. withdrew from the ILO because the principles of the ILO charter were not being maintained. In February of 1980 the U.S. rejoined the organization as the ILO withdrew from inappropriate activities and met U.S. conditions for resuming membership. The newly organized federation of Polish workers and their right to organize free trade unions under the ILO Convention is evidence of renewed commitment to basic rights of workers. The U.S. supports these developments and will continue its active role in the ILO. Therefore the authorization situation must be quickly resolved."

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Question:

The 1982 budget submission to OMB lists $22.7 million in 1980 shortfalls and $12 million in 1981 shortfalls. Please explain the origins of the shortfalls. Congress has explicitly stated that no money is to go to the two Palestinian rights organizations in the UN. Presumably, this is not the source of the additional requests. But what is by agency?

Answer:

At the time the estimated budget requests are prepared, a sizable number of the assessment budgets of the international organizations are not known. When final international organization budgets differ from the estimates used in preparing the CIO budget request, shortfalls may occur.

In most cases the CIO budget estimates do not assume program growth in international organization budgets that have not been approved. When the approved international organization's budget contains program growth, a shortfall occurs in the CIO budget. Additionally, exchange losses are not projected in preparing the CIO budget estimates. When exchange losses do take place, shortfalls will occur in the CIO budget.

Funds for the two Palestinian rights organizations included in the UN budget are not included in the 1980 or 1981 CIO shortfalls.

The shortfalls by agency are:

FY 1980

United Nations Educational, Scientific and Cultural Organization	$ 4,112,500
World Health Organization	7,251,509
Food and Agriculture Organization	6,448,451
Organization of American States	4,710,985
International Center for the Study of the Preservation and Restoration of Cultural Property	63,555
	$22,587,000

FY 1981

United Nations	$ 6,016,229
United Nations Educational, Scientific and Cultural Organization	6,563,771
	$12,580,000

[redacted]

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QUESTION:

Given that the budget components for the next biennial UN budget will not be available until August of 1981, how valid is the premise of the UN submission for 1982 that there will be minimal or no net program growth? Given the differing budget cycles in the other agencies as well, what is the likelihood of new program growth which will lead to additional assessments which would have to be made up in a 1982 supplemental or in the 1983 request?

ANSWER:

The Secretary General's budget instructions for the 1982-1983 UN program budget call for "zero net program growth" to be achieved primarily through off-setting reductions from marginal, obsolete, and ineffective activities and through the re-deployment of existing resources. For the upcoming biennium, this policy is more restrictive than in the past when the budget was formulated on the basis of "as close to zero net program growth as possible."

Based upon past experience (the initial 1980-1981 budget proposals included 0.8 percent net program growth) and the Secretary General's strict budget policy for 1982-1983, we believe the net program growth proposed in the initial estimates for the 1982-1983 biennium will be minimal. The U.S. continues to push for zero net program growth; we would realistically expect, however, that program growth in the second year of the biennium will be approved by the General Assembly at its 37th Session (1982). This being the case, our estimates for fiscal year 1983 will have to be adjusted to reflect any additional program requirements as mandated by the UN General Assembly.

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QUESTION:

The summary sheet lists no change in the US assessment for UNESCO between FY 1981 and FY 1982. But the detailed explanation yields $16.4 million in program growth in these two years. Please explain the apparent discrepancy. What is this program growth for? What was the US position on it? And how specifically does the shifting of the UNESCO budget cycle impact on the 1982 request? Finally, will the program growth and the budget cycle shift portend any increases for FY 1983?

ANSWER:

FY 1981 and FY 1982 are the first two years of UNESCO's triennial budget covering the period 1981-83. (UNESCO has a one-time-only triennial budget (1981-1983) during this period in order to synchronize its budget with those of other UN system agencies; beginning in 1984, UNESCO will revert to a biennial budget). The $16.4 million in program growth is divided evenly between 1981 and 1982 - $8.2 million in 1981, $8.2 million in 1982, approximately 3.17% per annum (there is no program growth budgeted for 1983, the final year of the budget period). These figures are based on an initial 1981-83 budget projection of $620 million. (Actual approved budget total is approximately $625 million, however, revised figures for program growth have not been released as yet.)

The program growth is located primarily in the Natural Science sector where among other projects important new regional programs in biotechnology and applied microbiology, plus a major regional project for the integration of technological research, training and development are being initiated. The Man and the Biosphere (MAB) program is also receiving added impetus.

The U.S. has consistently and repeatedly espoused a position of zero net program growth in UNESCO budgets, believing that funds for new programs should come from the termination of obsolete and marginal programs and from budgetary stringency in the management of the Organization. The U.S. voted last month against the 1981-1983 budget at the 21st General Conference.

Barring subsequent modifications, the change in the budget cycle should have no particular impact on U.S. assessed contributions for 1982 and 1983. It is contemplated that the assessments for 1981, 1982 and 1983 will be the same.

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QUESTION:

The WHO budget lists six percent of the existing biennial budget for inflation, currency and program growth. How realistic is this? Apparently, there is a $7.3 million arrearage from FY 1980. What is the likelihood of it being approved by the Congress as a part of the FY 1982 submission? And how much of the arrearage problem can be explained by tenuous assumptions concerning inflation, currency fluctuation, and program growth?

ANSWER:

The figure of 6% used to calculate the estimated WHO 1982-83 budget represents inflationary factors only. This percentage does not include possible currency fluctuations or real program growth. We do not project exchange rate losses in arriving at estimates of future budgets nor do we stipulate a possible percentage increase in real program growth. Regarding WHO's 1982-83 budget, however, it is possible that there will be some program growth which will not exceed 2% per year. Under guidance given unanimously by the World Health Assembly in 1979, real program growth may not exceed four percent for 1982-83 biennium, or about two percent per year. The $7.3 million arrearage in the FY 1980 U.S. assessed contribution is being included in the FY 1982 submission.

The primary cause of the arrearage problem in WHO is the lack of availibility of any firm budget projections by WHO at the time the budget submissions are developed. We must make calculations for submission to Congress approximately one year before adoption of the budget by the World Health Assembly. For example, WHO budget estimates for 1982 were first calculated in May 1980, before projections were available to the U.S. But, the final adoption of the 1982-83 budget will not take place until May 1981. For this reason, it is impossible to accurately estimate the inflation rate and exchange rate at the time of adoption of the budget. It is also too early to realistically project real program growth for 1982 although we know it will not be over 4% for the biennium.

There was no expressed reluctance on the part of the Congress to appropriate the $7.3 million for WHO; rather the lack of sufficient authorization was given as the reason.

QUESTION:

The FAO submission lists no program growth and assumes no dollar lira currency fluctuation in the next fiscal year. Please provide a five-year assessment on an annual basis of net program growth within the FAO and currency fluctuation between the dollar and the lira. In other words, what has been the history over the previous five years of activity in these two areas?

ANSWER:

1976-77 Assessment Budget $167 million
(at US $1 = 670 Lira)

The 1976/77 budget was $167 million vs. $106.7 million in 1974/75. Of that $24.9 million was for cost increase (23.3%). Thirty-five point four million dollars (33.2%) was program increase. The substantial program increases reflect in part the recommendations of the 1974 World Food Conference and 1975 Seventh UNGA Special Session, and in part the decision by the FAO Director General to redirect FAO away from headquarters oriented research and analysis to action oriented development work in the field. While increases took place in every program except policy analysis, and every division, those program changes with most significant long term budgetary implications for FAO centered in the Development Department including the Investment Center--$4.2 million (51.2% over 1974/75); the regional and country offices--$3.0 million (14.4% over 1974/75); and the Technical Cooperation Program--$18.5 million, a new program entirely. Worth noting is the minute program increase in food policy and nutrition--$155,000 (3% over 1974/75).

1978-1979 Assessment Budget $211.35 million
(at US $1=879)

For 1978/79, the Director General secured approval for a budget of $211,350,000. Of this 17.88% or $29.87 million was for cost increases, 6.4% or $12.68 million was for program increases. Again the most significant increases are in the Development Department--$6.5 million (38.7% over 1976/77); and the Technical Cooperation Program $1.5 million (8.1% over 1976/77). A significant sub program not increased was nutrition. In fact there is actually a program decrease of $247,000 or 5%.

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1980/81 Assessment Budget $278,740 million
(at Lire 879 = US $1)

Of this total 22.15% or $47.91 million was for cost increases, 5.30% or $13.60 million was for program increases. Once again the significant increase can be found in the Development Department due to an increase in the establishment of FAO Representatives offices and in Technical and Economic Programs.

The CY 1982/83 assessment budget will be determined in November 1981 at the FAO Conference in Rome. It is estimated that the Assessment Budget will be approximately $384,993,000. This estimate is based on the assumptions of inflation at the rate of 15% per year and no change in the dollar/lira exchange rate and zero net growth in FAO programs covered by the budget.

The basic problem remains of what is the average Lira/Dollar rates applied over the entire period 1976/77 to 1980/81 and 82. The rates for 1980/81 are all calculated at the rate of 879 Lira=US $1 which was the rate adopted by the 19th Session of the Conference. The market rate in force during July 1979 was fluctuating between 820 and 830 Lira to the US $1 and during the 1976/77 period it was 670 Lira = US $1. The Lira is currently fluctuating at approximately 915 Lira = US $1. In view of the evident currency instability, it would be imprudent to attempt to predict what the rate will be when the 1982/83 budget is approved.

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Question:

Please provide a definition as to precisely what constitutes technical assistance within the assessed budgets of the UN agencies. On a basis of that definition, what is the percentage of the assessed budgets for FY 1982 which goes to technical assistance? Secretary Maynes testified that the figure was approximately 12.7 percent for 1981, most of which went to the World Health Organization.

Please provide a historical trend over the past five years depicting by year the annual percentage of the assessed budgets going to technical assistance.

Answer:

There is no precise definition of "technical assistance" funded for the assessed budgets of the UN and the specialized agencies, either within the UN system itself or the U.S. Government. Repeated attempts, both with the UN system and the U.S. Government to develop such a definition which would be generally acceptable have been unsuccessful given the different perceptions held by the agencies and the individual Member States. Consequently, we have attempted, though only marginally successful, to obtain the support of the major contributors for a policy of: (a) pressing in each UN agency to keep existing assessed funded technical assistance to a minimum consistent with our overall policy objectives; (b) seeking in each agency to avoid the introduction of new technical assistance programs unless the need is clearly demonstrated and can be readily justified; and (c) advocating the transfer, wherever appropriate, of funding and policy responsibility for such programs to other UN agencies (in particular the UNDP) utilizing voluntary as opposed to assessed contributions. While many Member States support this approach, others recognize the value of the technical assistance programs funded in the regular assessed budgets of the UN agencies. Furthermore, given the mandate of most of the agencies to conduct technical assistance activities, as well as the importance placed in these programs by the developing country majority, most Member States are reluctant to join the United States in any effort to remove and/or unduly restrict technical assistance funded on an assessed basis.

We will continue, in cooperation with other major institutions, to monitor UN performance in order to hold down assessed funded technical assistance and to press for more precise guidelines as to what technical assistance should be funded by the UN agencies from their assessed budgets.

There is attached our estimate of technical assistance funded in the assessed budgets of the UN and its specialized agencies for CY/FY 1978-1981. We are in the process of preparing the comparable 1982 estimates and will make them available within a few days.

It is important to note that while both the absolute amount of technical assistance funded by the UN agencies (from $141.5 million in 1978 to $173.6 million in 1981) and the U.S. share

(from $34.9 million in 1978 to $42.8 million in 1981) have increased, the percentage of technical assistance included in the assessed budg[illegible] (13.9% in 1978 to 12.7% in 1981) has decreased. The annual i[illegible]ease in technical assistance funded (e.g. from $168 million in 1980 to $174 million in 1981, or a 3.6% increase), which also has been decreasing, is less than projected inflation rates and exchange rate fluctuations. Consequently, over the years the amount spent by the UN agencies, in real terms, also has been decreasing.

Attachment: Estimated Technical Assistance in United Nations Assessed Budgets.

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2. Freedom of Information Act 5 USC 552 (effective February 13, 1975) amendment: Provides for access by any person worldwide to any records of executive branch. Such access must be granted unless agency can demonstrate that information falls within one of nine specific categories. Sets deadline of 10 working days to comply with request, and provides for final review by courts on denied material, with potential for over-riding agency.

Ten day limit has proved impossible to meet and has led to time-consuming court cases. Foreign governments have expressed concern at provision for judicial review and possible release of their information. Some confidential sources are less willing to supply information lest their names be disclosed. Some reporting officers are refraining from written comment which may be subject to release under the FOIA. There is a constant risk of error leading to release of sensitive material. Implementation of the FOIA is expensive for the Department, involving extensive search of records, highly-paid review, and legal expenses. Present budget for administering EO 12065 and FOIA is $1,600,000 in A/CDC alone. (Both EO and FOIA benefit very small proportion of public - notably lawyers using FOIA as easier substitute for discovery process, and a limited group of scholars.)

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ESTIMATE: TECHNICAL ASSISTANCE IN UNITED NATIONS ASSESSED BUDGETS
(in millions of dollars)

Agency	1978 Regular Assessed Budget	1978 Technical Assistance Funded in Assessed Budget 1/	1978 Technical Assistance as % of Assessed Budget	1978 U.S. Share of Assessed Budget Technical Assistance	1979 Regular Assessed Budget	1979 Technical Assistance Funded in Assessed Budget 1/	1979 Technical Assistance as % of Assessed Budget	1979 U.S. Share of Assessed Budget Technical Assistance	1980 Regular Assessed Budget	1980 Technical Assistance Funded in Assessed Budget 1/	1980 Technical Assistance as % of Assessed Budget	1980 U.S. Share of Assessed Budget Technical Assistance	1981 Regular Assessed Budget	1981 Technical Assistance Funded in Assessed Budget	1981 Technical Assistance as % of Assessed Budget	1981 U.S. Share of Assessed Budget Technical Assistance
	$ 487.6	$ 11.3	2.4%	$ 2.9	$ 513.1	$ 11.8	2.3%	$ 3.0	$ 539.3	$ 13.0	2.4%	$ 3.4	$ [illegible]	$ 13.6	2.4%	$ 3.4
	116.8	19.0	6.4	2.3	119.4	21.4	17.9	2.3	133.7	14.0	9.5	3.5	155.7	18.6	11.9	4.7
	106.2	4.4	3.9	1.4	143.2	3.4	2.3	.9	143.2	3.4	2.4	.9	177.1	4.4	2.5	1.1
	34.9	1.1	.6	1/	17.7	--	--	--	19.4	--	--	--	20.4	--	--	--
	7.1	.4	4.9	1/	10.3	.4	4.1	1/	9.9	.3	3.1	1/	11.3	.6	5.3	1/
	183.4	110.0	60.4	27.5	203.9	116.3	57.8	28.1	238.3	132.0	55.8	33.0	234.3	132.0	35.6	33.0
	31.8	1.6	5.1	.4	33.4	1.4	4.2	.4	35.2	1.3	3.9	.4	33.0	1.6	4.1	.4
	19.2	1.4	7.3	.4	17.4	.9	5.1	.3	17.9	1.8	10.1	.5	18.7	1.9	10.2	.5
	5.4	.2	3.7	.1	4.3	.2	4.7	.1	9.3	--	--	--	13.6	--	--	--
	3.8	1.0	26.3	.4	3.3	.5	14.3	1/	4.9	.9	13.2	1/	7.9	1.4	13.9	1/
	11.3	--	--	--	11.1	--	--	--	14.5	--	--	--	14.5	--	--	--
TOTAL	1,017.3	161.3	15.9	39.8	$1,193.4	$ 191.4	16.0	$ 44.8	$1,396.8	$ 181.4	13.0	$ 49.4	$1,367.2	$ 173.6	12.7	$ 49.8

1/ As reported by the UN Advisory Committee on Administrative and Budgetary Questions (ACABQ) in Table C of document A/34/664 of November 1979, except for WIPO figures which reflect only those constituent organizations in which the United States participates.

1/ Less than $50,000.

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Fly America Act of 1974, as amended: This Act, specifically Section 1117, requires that all Government-financed air travel be performed on American carriers wherever scheduled American service is available. The Department spends a great amount of time and human resources counseling travelers and overseas posts on which air routings they must use to ensure compliance with the Act. An individual traveler who does not comply will be assessed a "foreign-flag penalty". The Act places constraints and reduces flexibility in scheduling employee travel, increases direct travel costs, and increases costs associated with delays and overnights incurred in compliance with the Act.

GSA Temporary Regulation A-15: "City-Pair Contract Air Fares": This new GSA contract requires most USG employees to use contract-reduced air fares on specific carriers between Washington and eleven other "City-Pairs". While the fares represent a dramatic savings over the regular coach class fares, the flights usually depart from Baltimore International Airport (BWI) and arrive at destination airports not generally used by larger carriers, such as Midway for Chicago and Oakland for San Francisco. This constrains our travelers to spend more time using surface transportation to get to airports for departure and from airport to destinations. Current plans to raise the present 11 "City-Pairs" to 102 on January 1, 1981 will place additional constraints and inhibit our flexibility in scheduling travelers.

OMB Circular A-120 and OMB Memorandum dated July 10, 1980 entitled "Management Control of Consulting Service Contracts and Improvement of Agency Procurement Practices": These documents establish policy and guidelines on the appropriate use of consulting services obtained from individuals and organizations. They establish constraints on the effective use of consulting services and require contracting officers to:

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Question: DECLASSIFIED

Progress has apparently been made on a Namibian independence agreement which would require significant UN peace-keeping participation. What steps are now being taken to assess the budgetary consequences of such an agreement? What would such an agreement cost the UN? What would be the U.S. share? What are we doing to encourage other nations traditionally reluctant to participate in peace-keeping operations to pay their fair share of the total? And finally, if such an agreement is reached, what are the budgetary consequences for the FY 1982 and FY 1983 peace-keeping submissions?

Answer:

The most current estimate of the costs for the United Nations Transitional Assistance Group (UNTAG) in Namibia, is $300 million which includes start-up and on-going costs. The estimate assumes there will be no more than 7,500 military and 1,560 civilian personnel involved in this operation which is expected to last up to twelve months; it also includes monitoring of elections.

This estimate was developed by the Secretary General in the latter part of 1978. We are, however, expecting up-dated estimates now that UNTAG may be becoming operational. We would expect that the original figure will be adjusted to reflect the increased rates of reimbursement to troop contributing countries (recently approved by the UN General Assembly) and other unforeseeable contingencies that may arise.

The United States would prefer its assessment rate be based on the regular UN scale of assessments, i.e., 25 percent. However, it may be more realistic to assume that the special "peace and security" scale used for the Middle East peacekeeping operations will be adopted. Under this scale we would pay no more than 31.5 percent.

The United States has continually called upon Member States to pay their peacekeeping (and other) assessments, pointing out the incompatibility of non-payment of peacekeeping obligations with adherence to the fundamental principles of the UN Charter by which all members are bound. Moreover, we have indicated that the non-payment of assessed peacekeeping contributions threatens the continued participation of certain troop contributing countries who cannot long afford the financial sacrifice in providing troops without adequate reimbursement.

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Contingent upon UNTAG becoming operational, we would expect, based upon the Secretary General's original estimate, that the U.S. share of the operation would be included in the budget for one full fiscal year and would not recur the following year. If implementation of the UN Plan for Namibia were to begin during the present fiscal year, it would be necessary to request a supplemental appropriation.

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Question:

Please explain the history surrounding U.S. contributions to the peace-keeping account at 31.5 percent in the context of Congressional requirements that other agencies be kept to 25 percent.

Answer:

With the establishment of the United Nations Emergency Force (UNEF II) in October of 1973, the United Nations General Assembly adopted a special "peace and security" scale to finance the operation. This scale recognized the special responsibilities of the permanent members of the Security Council under the United Nations Charter for the maintenance of international peace and security. Also, it implicitly endorsed the principle of collective responsibility of all members for the maintenance of international peace and security.

The peace and security apportionment scale places Member States in the following four categories:

1. The five permanent members of the Security Council - whose proportionate share is about 17 percent higher than their assessed share;

2. A second group of 22 named, economically developed states - assessed at their regular assessment rates;

3. Forty named, least developed countries - assessed at 10 percent of their regular scale; and

4. The remaining members - assessed at 20 percent of their regular rates.

Sec. 203 of Public Law 94-141 explicitly excepts "international peacekeeping activities conducted by or under the auspices of the United Nations" from the 25 per cent limitation.

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QUESTION:

Please provide a legislative history of the International Conferences and Contingencies account. This should include the relevant legislation and a step by step discussion of just how international delegations are formed.

ANSWER:

Authorization for US participation in international meetings resides in:

A) the ratified treaty or related "participation Act" concerning US membership or participation in an international organization;

B) the broad authority granted the Secretary of State in the Act establishing the Department of State (22 USC 2656) to "conduct the business of the Department in such a manner as the President shall direct";

C) PL 885, approved August 1, 1956, which provides for participation by the US in "international activities... for which provision has not been made by the terms of any treaty, convention, or special Act of Congress" (22 USC 2672).

The appropriation language for International Conferences and Contingencies (ICC) since 1956 generally has provided for "necessary expenses of participation by the United States, upon approval of the Secretary of State, in international conferences and for contributions to new or provisional international organizations." The ICC appropriation has been a no-year account since FY 78 and includes exceptions to standard government travel, procurement and personnel regulations to facilitate US conference participation overseas in an oftentimes "ad hoc" environment.

In recent years, funds appropriated have ranged from $2,177,000 in FY 1972 to a high of $8,660,000 in FY 78. For FY 81, $7,000,000 has been reported out of the House Appropriations Committee. For FY 82, OMB has approved a budget request of $8,277,000.

The FY 78 figure reflected the high point in the Department's effort to comply with Congressional intent, as stated in the FY 1974 report of the Senate Appropriations Committee, that the "Department of State should assume responsibility for funding all official delegates to conferences under this head and (should) seek full funding for FY 1975."

QUESTION:

Please explain the consequences in terms of the FY 1982 budget submission for ICC of full State Department funding for all delegates other than those from other US Government departments and the transfer of the MBFR account to another appropriation.

ANSWER:

The FY-82 International Conferences and Contingencies (ICC) budget submission totals $8,277,000. Approximately $4,600,000 of this amount must be earmarked to cover fixed costs, e.g.: contributions to new or provisional international organizations, representation, assessments which must be paid to the secretariats of certain conferences, monies set aside for interparliamentary congressional delegations, MBFR support costs, and support costs for conferences and hostships in general, all of which OIC must provide for at virtually 100%. This leaves $3,677,000 available for travel and per diem of delegates, hopefully enough to fund 50% of U.S. Government conference attendees (including at-site delegates). We estimate that assigning full or exclusive funding of all USG delegates to OIC through the ICC appropriation would require an additional $2-3 million. This step would provide more rational, centralized management of the funding of conference activity, strengthen control over delegation formation, size and composition, and provide leverage which would permit reduction in the overall number of US delegates, thus reducing the net cost to the USG.

Under exclusive funding, OIC would also finance the expenses of those non-government delegates currently borne by other government agencies. The cost would be modest, however, as most private sector advisers pay their own way to conferences to avoid the possibility of conflict of interest between United States policy and the concerns of their own companies or organizations.

The FY 82 ICC budget submission includes $1,654,000 for MBFR. Presumably, the ICC request would be reduced by this amount if the MBFR activity were to be funded from another appropriation and there would be no impact on other ICC-funded activities. While IO is amenable to its transfer, the problem has been to find an alternative agreeable to all concerned.